



# MEDICAID SPENDING STATEWIDE

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
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## ISSUE BRIEF

### SUMMARY

This issue brief summarizes FY 2012 statewide spending on Medicaid of \$484,499,800 General Fund and \$5,322,300 Education Fund (\$2,061,536,100 total funds). This represents 23% of all General Fund spending statewide. Other entities provided \$147,154,900 or 23% of the matching funds used to draw down all of the \$1,424,559,100 in federal funds in FY 2012. The data source for information in this brief comes from the Department of Health's annual report entitled "*Utah Annual Report of Medicaid & CHIP*." This brief is for informational purposes only and requires no Legislative action.

### DISCUSSION AND ANALYSIS

Five State government entities (Departments of Health, Human Services, and Workforce Services as well as the Office of Inspector General and the Attorney General's Medicaid Fraud Control Unit) spent \$2,061,536,100 total funds in FY 2012 on Medicaid. The graph and table below detail the FY 2012 statewide spending on Medicaid by funding source as well as showing how much money was spent by each agency:

<b>Medicaid Spending by State Entity in FY 2012</b>		
<b><u>Entity</u></b>	<b><u>Money Spent</u></b>	<b><u>% of Total</u></b>
Department of Health (includes U of U)	\$ 1,787,790,500	87%
Department of Human Services	\$ 232,877,700	11%
Department of Workforce Services	\$ 37,115,000	2%
Office of the Inspector General	\$ 2,037,600	0.1%
Medicaid Fraud Control Unit	\$ 1,715,300	0.1%
<b>Total</b>	<b>\$ 2,061,536,100</b>	<b>100%</b>

Of the \$2,061,536,100 total funds spent on Medicaid in FY 2012, 5% or \$97,766,200 went for State administration. The other 95% or \$1,963,769,900 paid for medical services. The federal government provided 69% or \$1,424,559,100 of the total funding with the remaining \$636,977,000 or 31% from matching funds.

Of the \$636,977,000 in matching funds, the State General Fund provided \$484,499,800 or 77%, the Education Fund another \$5,322,300 or 1%, and other entities provided the remaining \$147,154,900. Generally these entities are seeding money because those entities are receiving the federal match. The table below details the purposes and sources of the seed money, the matching provided other entities as well as the State's General and Education Funds:

The \$484,499,800 General Fund spent on Medicaid represents 23% of all the \$2,122,199,500 General Fund spending statewide in FY 2012.

Matching Funds	Source	FY 2012*	% State Funding	General Fund	Education Fund	% of All Matching
Health Department - Medicaid	State	\$ 360,011,700	100%	\$ 360,011,700		57%
Human Services	State	\$ 78,372,500	100%	\$ 78,040,900		12%
Hospital Assessment	companies	\$ 41,500,000	0%	\$ -		7%
Capitated Mental Health	counties	\$ 30,993,400	71%	\$ 22,106,000		5%
Pharmacy Rebates	companies	\$ 26,079,800	0%	\$ -		4%
Nursing Home Assessment	companies	\$ 21,296,400	0%	\$ -		3%
Inpatient Payment Seeds	U Hospital	\$ 19,106,500	0%	\$ -		3%
Workforce Services	State	\$ 18,557,500	100%	\$ 18,557,500		3%
School Districts	schools	\$ 10,235,100	52%	\$ -	\$5,322,300	2%
Disproportionate Share Hospital	companies	\$ 9,229,000	0%	\$ -		1%
Physician Enhancement	U Hospital	\$ 9,031,600	0%	\$ -		1%
Healthy U Health Plan	Healthy U	\$ 3,165,500	0%	\$ -		0%
Substance Abuse	counties	\$ 2,765,400	83%	\$ 2,304,500		0%
Health & Dental Clinics	State	\$ 1,767,000	0%	\$ -		0%
Office of the Inspector General	State	\$ 838,700	100%	\$ 838,700		0%
Disease Control and Prevention	State	\$ 777,500	100%	\$ 777,500		0%
Family Health & Preparedness	State	\$ 453,700	100%	\$ 453,700		0%
Medicaid Fraud Control Unit	State	\$ 431,900	100%	\$ 431,900		0%
CHIP Allocation	State	\$ 277,300	100%	\$ 277,300		0%
Center for Health Data	State	\$ 185,000	100%	\$ 185,000		0%
Local Health Departments	counties	\$ 181,000	100%	\$ 181,000		0%
Early Intervention	State	\$ 175,800	100%	\$ 175,800		0%
Child Health Eval. and Care	counties	\$ 158,300	100%	\$ 158,300		0%
Primary Care Network Fees	clients	\$ 87,500	0%	\$ -		0%
Other	misc.	\$ 1,298,900	0%	\$ -		0%
<b>Total</b>		<b>\$ 636,977,000</b>		<b>\$ 484,499,800</b>	<b>\$5,322,300</b>	<b>100%</b>
*Matching funds reduces the total other revenue sources of \$189,734,800 for two items: (1) \$70,395,300 of other revenue that offsets federal funds and (2) \$3,917,500 that is revenue but not for the Medicaid program (used for non-Medicaid purposes).						

### Offsets to Medicaid Expenditures

There are four general categories of offsets to Medicaid expenditures, which totaled \$356,813,500 in FY 2012. Most offsets result in the Medicaid program avoiding a payment, but in some cases the Medicaid program uses the money collected to offset the total expenditures. The list below includes a discussion on each offset:

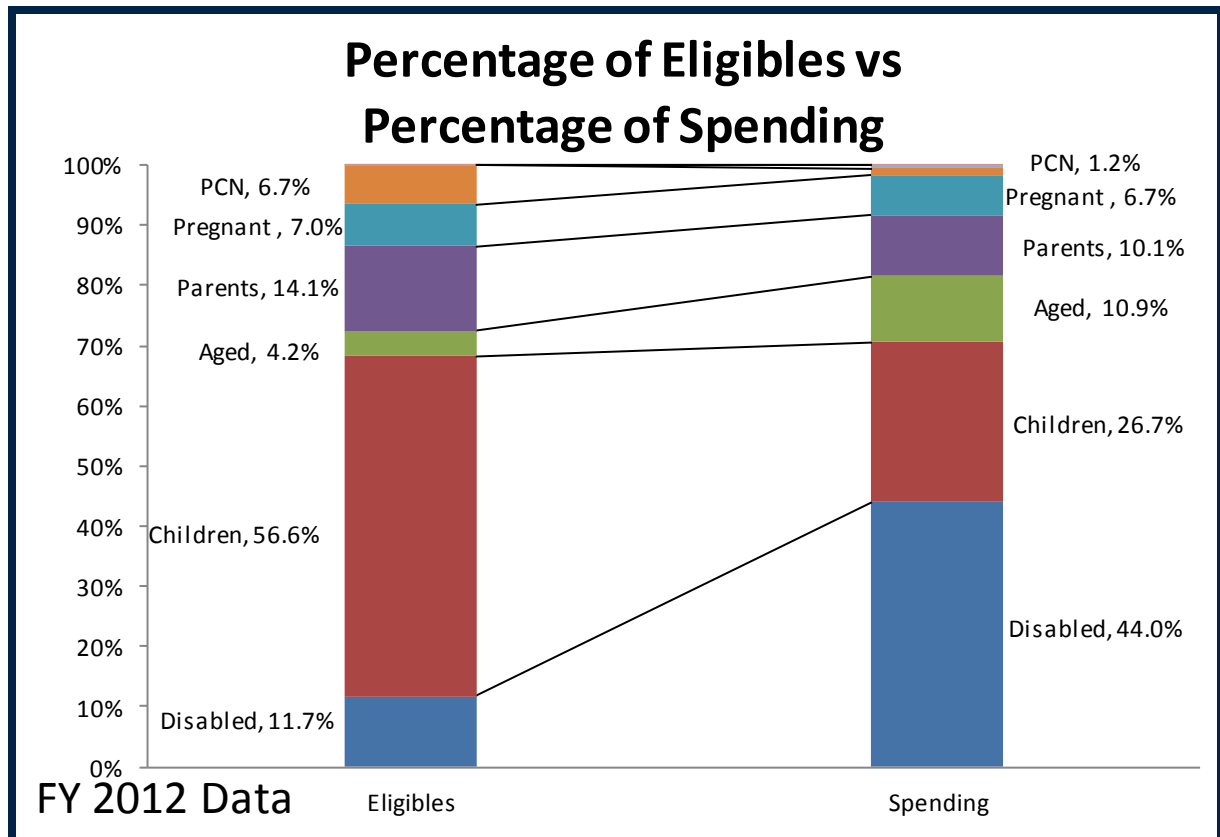
1. **Third party liability** – Medicaid charged/collected \$244,936,700 from third parties (Medicare, private insurance, or parties causing medical injury to Medicaid clients). In FY 2012 about 1/4 of Medicaid clients had another medical insurance.
2. **Pharmacy rebates** – the State collected \$90,003,000 in rebates from volume discounts which the program used to offset expenditures.
3. **Client contributions** – Medicaid clients contributed \$13,743,800 to participate in the Medicaid program. The list below includes a discussion of three categories in which client contributions take place:

- a. Spenddown Income – clients spent down or paid \$6,922,200 of their income to participate in the Medicaid program. This spenddown allows the client to qualify for Medicaid by lowering their income via qualified medical expenses.
  - b. Co-payments – these are reduced from the reimbursement paid to providers and represented \$6,519,500 or 0.3% of all expenditures in FY 2012. Sixty-nine percent of the co-payments came from pharmacy co-payments.
  - c. Primary Care Network Premiums – clients paid annual premiums totaling \$302,100 to participate in this program.
4. **Office of Inspector General & Attorney General Collections** – these two agencies recovered \$8,130,000 in overpayments to providers.

#### ***What Roles Does Each State Agency Play in Medicaid?***

1. **Department of Health** – as per federal regulation all Medicaid money flows through the Department of Health and flows out to others via memorandums of understanding/contracts. Primarily the Department oversees Medicaid expenditures and reimburses providers for medical services.
2. **Department of Human Services** – directly provides or contracts for Medicaid services to persons with disabilities, families in crisis, youth in the criminal justice system, and individuals who have mental health or substance abuse problems.
3. **Department of Workforce Services** – the Department determines the vast majority of eligibility for Medicaid clients.
4. **Attorney General's Medicaid Fraud Control Unit** – this unit investigates and prosecutes provider fraud and abuse in Medicaid.

Below is a summary of eligibles vs expenditures in table and graphic form:



<u>Category</u>	<u>Eligibles</u>	<u>Spending</u>	<u>Spending/ Eligibles</u>	<u>Rank Most Expensive</u>
Disabled	11.7%	44.0%	3.8	2
Children	56.6%	26.7%	0.5	7
Aged	4.2%	10.9%	2.6	3
Parents	14.1%	10.1%	0.7	6
Pregnant	7.0%	6.7%	1.0	5
Primary Care Network (PCN)	6.4%	1.1%	0.2	8
Breast or Cervical Cancer	0.1%	0.5%	5.4	1
Blind	0.0%	0.0%	1.0	4

If you take the percentage of total spending by each eligibility group divided by the percentage of total number of eligibles for each eligibility group, the following groups are the three most expensive: (1) breast or cervical cancer, (2) disabled, and (3) aged.

### ***Sources***

The financial information for this brief originates from the Department of Health's annual report entitled "*Utah Annual Report of Medicaid & CHIP.*" This report is available online at [http://health.utah.gov/medicaid/pdfs/annual\\_report2012.pdf](http://health.utah.gov/medicaid/pdfs/annual_report2012.pdf).